

CALIFORNIA HOUSING FINANCE AGENCY

MASTER SECURITY AGREEMENT

This Master Security Agreement ("Agreement") is made on _____, 20____, by and between _____ ("Lender") and _____ ("Secured Party").

RECITALS

A. The California Housing Finance Agency ("CalHFA"), a public instrumentality and a political subdivision of the State of California, has agreed to purchase loans ("Loans") from Lender in accordance with the terms of that certain Mortgage Purchase and Servicing Agreement dated _____, 200__ and other similar agreements entered into or to be entered into between CalHFA and Lender (collectively "Mortgage Purchase Agreement").

B. Lender has borrowed or intends to borrow funds from Secured Party to finance the origination of the Loans and has given or intends to give Secured Party a security interest in some or all of the Loans to secure Lender's obligation to repay such funds.

C. CalHFA is not obligated, under the terms of the Mortgage Purchase Agreement, to purchase Loans which are subject to third- party security interests.

D. The parties hereto have entered into this Agreement to assure CalHFA that Loans purchased in accordance with this Agreement will be released free of any security interest of Secured Party, and thereby to induce CalHFA to purchase the Loans.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. Confirmation of Security Interest. Secured Party shall give notice ("Security Notice") to CalHFA of any security interest it claims in any of the Loans. The Security Notice referred to herein is commonly known in the mortgage lending business as a "bailee letter". CalHFA shall be entitled to assume the existence, validity and correctness of any claim by Secured Party of a security interest in the Loans provided CalHFA has not received written notice from Lender, prior to the purchase of the Loans, that it disputes Secured Party's claim. In the event that Secured Party fails to give CalHFA a Security Notice on a Loan, upon CalHFA's purchase of the Loan, Secured Party's security interest shall be deemed automatically released in full.

2. Security Interest Override. Notwithstanding anything to the contrary in Lender's grant to Secured Party of a security interest in the Loans, notwithstanding anything to the contrary in any Security Notice, and notwithstanding the fact that CalHFA signs the Security Notice, the terms of the Security Notice and of the Secured Party's security interest in the Loans shall be clarified and/or modified as follows:

a. CalHFA may communicate and deal directly with Lender and/or Secured Party,

as necessary and proper, in its sole discretion, to prepare the Loan documentation for purchase or to return it if ineligible. CalHFA shall not be subject to any processing time limits imposed by the Security Notice.

b. Upon payment by CalHFA, in accordance with subparagraph 2 c. below, of the purchase price agreed to by Lender and CalHFA, Secured Party's security interest in the Loans shall be deemed automatically released in full.

c. The purchase price of the Loans shall be remitted to:

Bank Name

ABA Number

Account Number

3. Applicability. This Agreement shall apply to all Loans purchased by CalHFA from Lender in which Secured Party has a security interest.

4. Amendment. This Agreement shall not be amended by the parties without the written consent of CalHFA.

5. Enforceability. This Agreement shall be for the benefit of and enforceable by CalHFA, as well as bind and benefit the parties hereto, their successors and assigns.

6. Attorney Fees. In any proceeding to enforce this Agreement, the prevailing party, including CalHFA, shall be entitled to receive from the other party reasonable attorney fees, costs and expenses.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date set forth above.

LENDER:

SECURED PARTY:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____